



## IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

Richard L. Bruner  
CHAIR

Kathleen Kohorst  
Kelly Dolan Lange

Timothy L. Lapointe  
Robert F. Holz

Mary Mosiman  
Robert von Wolfradt

Philip Groner, Acting Executive Director

Governor Kim Reynolds

Lt. Governor Adam Gregg

### Iowa Telecommunications & Technology Commission

Grimes State Office Building, 1st Floor

400 E. 14th Street, Des Moines, IA 50319

**FINAL**

**December 21, 2017**

To ensure the most efficient use of State resources, the December 21, 2017 ITTC meeting was held via video conference pursuant to Iowa Code section 21.8. A video conference also ensured more Commissioners were able to participate in the meeting and reduced the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance at the Grimes State Office Building.

- **Roll Call:**

- **Commissioners Present:**

Richard Bruner, Chair (on-site)  
Kelly Dolan Lange, Member (video)  
Kathleen Kohorst, Member (video)  
Bob Holz, Member (on-site)  
Timothy Lapointe, Member (video)  
Robert von Wolfradt, Ex-Officio (on-site)  
Mary Mosiman, Ex-Officio (on-site)

- **Iowa Communications Network Staff Present:**

Phil Groner, Chief Operating Officer, Acting Executive Director  
Deb Evans, Agency Division Administrator  
Mark Johnson, Chief Administration Officer  
Randy Goddard, Business Services Officer  
Scott Pappan, Carrier Services Officer  
Mike Cruise, Finance Services Officer  
Dave Marley, Field Services Officer  
Ryan Mulhall, Security Services Officer, Jekard Operations Officer  
Jessica Jensen, Executive Administrator, ITTC Board Administrator  
TJ Boulet, Legislative Liaison

- **Guest Attendees Present:**

Ray Warner, Aureon  
Jeff Peterzalek, Attorney General's (AG) Office

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- **Call to Order:**

- Chair Bruner called the meeting to order at 10:36 AM. It was noted that a quorum of members was present for the meeting.

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- **Approval of the November 26, 2017 Meeting Minutes:**

- Chair Bruner requested a motion to approve the November 26, 2017 meeting minutes. Commissioner Holz moved to approve the minutes. Commissioner Lapointe seconded the motion. The motion passed unanimously.

Commissioner Holz – Yes  
Commissioner Kohorst – Yes  
Commissioner Lange – Yes  
Commissioner Lapointe – Yes  
Commissioner Bruner – Yes

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- **New Business:**

- **Agency Updates**

- **Agency Division Update – Deb Evans**

The Department of Education (DOE) has renewed the Area Education Agency (AEA) contract at the same rates for another year. The Local Exchange Carrier (LEC) services Request for Proposal (RFP) is being extended two weeks to provide vendors the opportunity to bid. Mike Cruise and Randy Goddard are working on new service pricing for the Bolt Center. The finance system is moving forward and data is currently being collected for input into the system. Finance is also working with the ServiceNow/Aeritae team to make sure that services are reflected accurately in both systems. Universal Service Administrative Company (USAC) has announced their filing windows for the year. The traditional filing windows are helpful to the ICN. ICN has been holding internal 911 weekly meetings, as well as bi-weekly meetings with the Department of Homeland Security. Fiber, switch and aggregation RFP's are nearing completion. In relation to Managed Voice Services (MVS), 600 phones have been converted this month with more expecting to be converted in January. New revenue has been generated with the installation of 200 phones for AEA 8 in multiple locations and with the addition two new customers. Mike Cruise has changed the layout of the financial report. ICN is working on the final edits of the Department of Transportation (DOT) contract. The three areas currently under review

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are design, construction engineering and project management. ICN has already been working with DOT on projects and will charge professional service fees until the contract is signed.

#### ■ Department of Transportation Update – Randy Goddard

ICN has become aware of some personnel changes that have occurred at the DOT. DOT had employees that worked strictly with fiber facilities and intelligent traffic systems. The ICN took the opportunity to meet with DOT Director of Traffic Operations, Mr. Scott Marler and Assistant Director of Traffic Operations, Mrs. Donna Matulac to discuss the ICN's long-term relationship with DOT. ICN uses DOT rights-of-way (ROW) to install fiber facilities while also maintaining those fiber facilities. A discussion was had pertaining to what synergies could be gained from ICN and DOT working together on future initiatives. DOT is preparing to support a pilot program with several of the larger name automotive makers for intelligent, driverless vehicles. They are also preparing connected vehicle pilot projects allowing cars to communicate with intelligent systems. The DOT taking advantage of ICN's professional services that are already provided with outside fiber plant, network engineers and operations will allow them to take vacant positions and focus them on the technical specifications necessary for the future of intelligent traffic systems. These future systems will require increased bandwidth and the expertise of ICN's dedicated team for designing, installing and managing fiber facilities and also implement strong, flexible and fast telecom services. ICN is utilizing our current resources to allow the DOT to repurpose their personnel. Mr. Marler and Mrs. Matulac have informed Iowa DOT's Director, Mark Lowe, of their intent and he has given his full concurrence to move forward. The DOT has already included the ICN in its five-year, long-range planning. ICN will provide specifics on construction and engineering on how fiber should be installed using carrier grade standards. ICN will also provide project management to ensure that installations are completed per spec to oversee contractors and documentation. Since DOT had routes planned where ICN already has existing fiber, constructing new facilities will not be necessary. The network will be strengthened by using facilities that are already in place to provide redundancy. The rewrite of the contract has been completed and is currently under review by the ICN Executive Team.

#### **COMMENTS:**

**BRUNER:** *Excellent report. It sounds like a great partnership. Also, the private industry was looking for an extension of that contract and we were accommodating. Thank you for that.*

#### ■ Financial Report – Mike Cruise

In reviewing the lead schedule, a gross margin line was added to reflect the financials before indirect expenses were applied. The gross margin through November was \$6,877,504.70 which is 54.13% of revenue. The operating margin for November was -\$665,651.60 with a margin percentage of 26.09%, leading to a total year-to-date of -\$2,398,777.38 with a -18.88% margin. This is approximately \$1.25 million unfavorable to budget. The budget for the year-to-date through November is -\$1.15 million. The total for November was \$106,000 better than October showing that improvements were made.

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**EVANS:** It was determined that ICN revenues and expenditures needed to be examined, so all expenditures are currently being audited. Larger contracts are being reviewed to determine if adjustments need to be made. Randy Goddard and Deb Evans have calculated that the actual loss due to discounts offered to AEA's will be close to \$1.1 million. Revenue has been gained due to K-12 schools. ICN's Security services, Firewall and BoronDDoS, have added approximately \$325,000 of new revenue over the last six (6) months. With the USAC filing period being determined, the ICN will be able to complete budget projections for the year. The state of Iowa is expecting budget cuts of between an estimated 3% - 3.5%. ICN will make adjustments as necessary. Budget cuts may cause ICN purchases to be delayed. ICN is also evaluating Jekard and ServiceNow. When the ServiceNow Statement of Work (SOW) is received, the agency will have to determine where the organization's needs are. The organization is well aware and prepared for any budget changes. Randy Goddard and Ryan Mulhall have done a great job in helping the agency achieve its goals.

**COMMENTS:**

**BRUNER:** *Good report. We obviously have to make some changes if we're going to make our budget. We will just have to fine tune everything.*

**EVANS:** *We've had some unexpected expenditures. Managed Voice is one service that will need to be reviewed. Before the year is over, the ICN will pay over \$1 million for an old legacy system. Once the system is retired, the budget will improve.*

**BRUNER:** *We have a couple of new revenue streams.*

**HOLZ:** *What is the estimated impact of the new DOT arrangement?*

**EVANS:** *That is currently being determined. My guess is about \$1 million the first year. That will increase over the years but until the contract is received and we see what our expectations will be, that could change.*

**KOHORST:** *Can the Commission be provided with monthly reports on our progress? The first report should be provided towards the end of December.*

**EVANS:** *Absolutely.*

■ **Governor's Budget Hearing - Phil Groner**

On November 22, 2017, the ICN had the opportunity to present the ICN annual budget to Governor Reynolds. This year the ICN won't request any appropriation which is a continuation of the effort to phase out appropriations. The appropriation included requests for infrastructure to help state agency customers and upgrade the voice system. With the switch over to the MVS, we no longer need the capital outlay to manage and run the voice system platform for state executive branch agencies. The second part of the appropriation was a request to support MPEG video for USAC purposes. MPEG video has decreased to under 15,000 hours of usage and as of June 10, 2018, the product is going to end-of-life and everything will be converted to Internet Protocol (IP). The ICN has also lowered internet costs for state executive branch agencies. Once MVS is implemented, an annual savings of

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approximately \$1.1 million is expected for state government and executive branch agencies due to the reduction of Long Distance and Toll-Free being included services. Cyber Security initiatives were also included in the budget presentation. The merging of 911 networks is anticipated to save the Department of Homeland Security, as well as the state, approximately \$1.2 million/year. Public/Private Partnerships will continue to be important in the future as networks are merged. In FY 2017, ICN invested \$28 million into the private sector due to capital purchases for infrastructure upgrades. ICN currently has 355 Healthcare customers serving the citizens of Iowa using telemedicine networks. The Statewide Youth Broadband Advisory Council (SYBAC) initiative was also included in the presentation. Governor Reynolds has shown interest in SYBAC and has attended SYBAC meetings in the past primarily due to her involvement with Science, Technology, Engineering and Math (STEM) initiatives in the state. With the reduction of no appropriation and projected savings, the ICN is expected to reinvest approximately \$4 million back to the state of Iowa. Governor Reynolds and the Iowa Department of Management (IDOM) were very pleased as the ICN is finding ways to save the state of Iowa money.

**BRUNER:** Excellent report.

■ **ACTION: Southern Community College Long Distance Waiver - Randy Goddard**

The ICN received a waiver request for Long Distance services from Mr. Chuck Chrisman, Executive Director of Technology Services at Southeastern Community College. Southeastern is a certified user of the network and is required to submit waiver requests if they are planning to use services other than the ICN. As part of the waiver request, Mr. Chrisman noted that CenturyLink has proposed a reduction in Long Distance pricing. The current rate that ICN charges is 3.5¢/minute for Long Distance services which also includes a T1 circuit that allows their switch to be connected directly back to the ICN at no additional cost. Windstream proposed a rate of 3¢/minute including the direct connection back to their switches. Randy Goddard reviewed the Southeastern Community College account for the past year. The college currently uses 6,500 minutes on average per month, totaling \$228 monthly revenue for the ICN. With the lower rate proposed by Windstream, the college would save approximately \$33/month. The college continues to receive ICN internet and video and is pleased with the services, but they are reviewing all of their accounts for potential saving opportunities.

**BRUNER:** So the college would be saving about \$30/month?

**GODDARD:** That is correct.

Chair Bruner requested a motion to approve the Southeastern Community College Long Distance waiver. Commissioner Kohorst moved to approve the waiver. Commissioner Lange seconded the motion. The motion passed unanimously.

Commissioner Holz – Yes  
Commissioner Kohorst – Yes  
Commissioner Lange – Yes  
Commissioner Lapointe – Yes  
Commissioner Bruner – Yes

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## **COMMENTS:**

**LAPORTE:** *If the staff recommends then I will approve. However, I don't want this to be a precedent. Waivers cannot be granted for everyone to achieve minimal savings. Since this is a small part of the ICN budget, it is acceptable.*

### ○ **ICN Carrier Updates**

#### ■ **Carrier Division Update - Mark Johnson**

The design work for the power upgrade has been completed. Invitation to Bid (ITB) have been released to secure vendors to begin the actual implementation which should begin in 2018. The ICN has established a plan to sunset the Time-Division Multiplexing (TDM) infrastructure. The target has been scheduled for July 2019. This will enable the last of the Asynchronous Transfer Mode (ATM) technology to also be removed from the network. From a historical perspective, \$4 million was appropriated in 1999 so that the network could be updated to ATM technology. The PEXIP platform is fully functional and is being tested. Once the testing is completed, the process of approving it as a product and putting the system into the network for customers to use will be finalized. The ICN is anticipating to go-live with PEXIP for the 2018-2019 school year and for the system to be used for future Commission meetings prior to go-live. A new HP operations bridge platform has been installed and went live on December 18. The platform allows the monitoring of the health of the wired and wireless networks across the state. In addition to the operations bridge, the Aruba Clear Pass Radius platform also went live on December 18. The platform enables the ability to authenticate and control secure access to ICN wired and wireless networks. It also provides detailed visibility of all devices that connect to the network. The Fiscal Year (FY) 17 Performance Report was submitted under the requirement of Iowa Code Chapter 8E, the Accountable Government Act (AGA). A number of performance measures were identified and included in the report. Targets are established and at the end of the year, the agency reports on if the targets were met. The report is posted here:

<https://icn.iowa.gov/sites/default/files/documents/ICN-Performance-Report-2017.pdf> . All government agencies are required to organize a Diversity and Affirmative Action plan and report each year under Iowa Code Chapter 19B. In the past, the ICN has had an aggressive plan including ten (10) goals. This year, the Diversity Committee evaluated our progress regarding the goals and determined that the ICN had met half of the goals, made progress on several goals and continues to make improvements on others. The committee has requested more support from ICN leadership. Mark Johnson will be working more closely with the committee. The committee plans to hold six (6) "Lunch and Learn" sessions open to all employees, as well as provide information on various Diversity and Affirmative Action topics. With legislative session quickly approaching, ICN leadership will be requesting time with legislative leadership to provide updates on issues of concern to the ICN, as well as updates on activities, accomplishments and ensure that the value of the network to the state of Iowa is understood.

**BRUNER:** Good report Mark, thank you. A very good informational packet was developed for last year's session for the meetings with legislative leadership. Please share with the Commission at some point.

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## ■ Jekard Update - Ryan Mulhall

The Jekard team has been hard at work with Aeritae in preparation for the ICN-wide rollout of ServiceNow on January 1, 2018. This will allow the ICN to begin realizing the benefits and value of organizational orchestration and automation as well as help the discontinuation of three legacy systems. There are 20 tracks of work nearing completion. In preparation for the launch, a wide range of enhancements and features have been submitted to be included in the next SOW as well as the consideration of replacing the Asset Manager system. With the new Jekard portal, customers can now track their incidents, changes and orders giving them real-time information and access to the status of their requests with the ICN.

**BRUNER:** So January 1 is the big day?

**MULHALL:** January 1 is rapidly approaching. There has been some expectation management within the organization because the system is not 100% perfect but will improve over time and will soon be more a more useful tool than what we've been using for the last 15 years.

**BRUNER:** Good report. That is our future.

## ○ ITTC Updates

### ■ ACTION - ICN Personnel Item, Closed Session - Chair Richard Bruner

Commissioner Holz moved that the ITTC go into closed session for the purpose of discussing an ICN personnel matter per Iowa Code 21.3 (1) which permits a government body to go into closed session. Commissioner Lange seconded the motion. A roll call vote was taken and passed, as follows:

Commissioner Holz – Yes  
Commissioner Kohorst – Yes  
Commissioner Lange – Yes  
Commissioner Lapointe – Yes  
Commissioner Bruner – Yes

The open meeting recessed at 11:14 AM.

Following the conclusion of the closed session, guests and staff were invited to rejoin the meeting. The Chair reconvened the December ITTC meeting at 12:55 PM and opened the floor to a motion.

Commissioner Holz moved to remove the affected employee from the payroll effective at the close of business on January 4, 2018. Notice thereof to be provided to the affected employee along with information relating to any available benefits. Commissioner Kohorst seconded the motion. A roll call vote was taken and passed as follows:

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Commissioner Holz – Yes  
Commissioner Kohorst – Yes  
Commissioner Lange – Yes  
Commissioner Lapointe – No  
Commissioner Bruner – No

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● **Other Business:**

None.

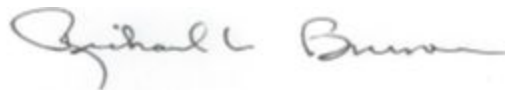
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● **Adjournment:**

Commissioner Kohorst moved that the meeting be adjourned. The ITTC meeting adjourned at 12:58 PM.

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**ATTESTED TO:**



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**Richard Bruner, Chair, Iowa Telecommunications and Technology Commission**

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